

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. SPU-01-10
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ORDER GRANTING PRIOR APPROVAL

(Issued July 31, 2001)

On June 29, 2001, MidAmerican Energy Company (MidAmerican) filed a request with the Utilities Board (Board) to waive the requirements of the weather normalization portion of 199 IAC 19.10(1)"a" for calculation of the sales volumes in the purchased gas adjustment (PGA) filings. The rule states that a natural gas utility must use "actual sales volumes S for the prior 12-month period ending June 30, with the necessary degree day adjustments, and further adjustments approved by the board" and requires that a utility use the same weather normalization methodology used in "prior approved PGA and rate case" unless it receives prior approval from the Board.

The Board originally treated this filing as a waiver request and identified the filing as Docket No. WRU-01-35-156. Upon review, the Board finds that weather normalization portion of the rule contemplates prior approval and not a waiver. The identification of the filing has thus been changed to Docket No. SPU-01-10.

MidAmerican states that it proposes to make two changes in the sales adjustment that is used to calculate the annual PGA. First, MidAmerican proposes to use actual, rather than weather normalized, industrial sales volumes in the adjustment and, second, MidAmerican proposes to realign weather stations used in determining the weather normalization adjustment. MidAmerican states that the industrial sales customers usage is not weather sensitive and therefore the use of actual sales is appropriate. This is consistent with the treatment of the industrial sales in the last rate case in Docket No. RPU-98-5.

MidAmerican proposes to reduce the number of weather stations to six by eliminating any stations with fewer than 3 percent of weather-sensitive sales. MidAmerican provided data that showed the Cedar Rapids, Des Moines, Iowa City, Moline, Sioux City, and Waterloo weather stations account for 88.5 percent of all weather-sensitive sales. The remaining five stations account for only 11.5 percent of total sales and individually account for less than 3 percent of sales. MidAmerican states that this change will have little effect on the degree-day and sales calculations.

The Board has reviewed the proposed change to actual sales rather than weather-sensitive sales for industrial sales used in the PGA sales adjustment and finds that it is reasonable. The customers in this class are small industrials who take firm service from MidAmerican and the gas taken is used for both production and heat. A review of the monthly sales pattern shows that, in total, the sales are not

responsive to changes in weather. Granting prior approval of this change will make the PGA calculation consistent with the methodology in MidAmerican's last rate case.

The Board has reviewed the proposed change in the weather stations used for weather normalization. The reduction in the number of weather stations is reasonable since it will make only a slight difference in the calculation and will reduce the complexity of the weather normalization calculations. The existing number of weather stations is used in the methodology because the stations were used by MidAmerican's predecessors. Granting approval of this change in the weather normalization methodology, which reduces the complexity of the calculation, will benefit both MidAmerican and those reviewing the PGA calculations.

IT IS THEREFORE ORDERED:

The request for prior approval filed by MidAmerican Energy Company on June 29, 2001, is granted.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Acting Executive Secretary

Dated at Des Moines, Iowa, this 31st day of July, 2001.